EXHIBIT I

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HEADLINE: An Emerging Threat to Oracle and SAP

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Enterprise software behemoths Oracle and SAP face a small but potentially dangerous threat that could hurt their profitability over time. But you wouldn't know it from their shares, which have rallied smartly this year.

Since the advent of business-process software, maintenance fees charged by the software companies for fixing and upgrading clients' computing systems have been a lifeblood. These recurring fees provide a steady stream of revenue that often proves morelucrative than software sales. Maintenance fees account for more than 51% of Oracle's total revenue of $23.49 billion and boasts gross margins, including support, north of 90%. Oracle (ticker: ORCL) consistently gets 90% of its customers to renew their maintenance contracts each year. At SAP (SAP), about 50% of the company's fiscal 2009 projected revenue of 10.65 billion euros ($15.64 billion) comes from maintenance fees.

But that could start to change. Rimini Street, a privately held third-party maintenance provider, is going after this business, as are some smaller start-ups. "Automatic upgrades just aren't going to fly anymore," says Rimini Chief Executive and founder Seth Ravin. "We're going to change the way maintenance is [run]."

The maintenance bill for individual customers can run into the millions each year. Cost is Rimini's biggest advantage. It charges roughly half what Oracle and SAP do.

One drawback is that Rimini can't offer new or upgraded versions of software products, as software companies automatically do under maintenance contracts. Rimini pledges to fix and update current versions owned by its customers, with code supplied by Oracle and SAP. For example, a Rimini customer might opt to use its current software version for five or 10 years, paying Rimini to maintain it and create and apply fixes and upgrades.

The third-party approach is catching on with corporate software clients. In 2009 Rimini expects to have about $150 million in maintenance-contract bookings, up from $86 million a year ago. Oracle would charge about double, so that represents about $300 million in potential Oracle revenue, says Cowen analyst Peter Goldmacher. SAP's maintenance revenue hasn't been affected much yet because Rimini launched service for customers of the German software giant only three months ago. "It doesn't mean Oracle will lose all its revenue overnight. We are a rounding error, for now," Ravin says.

But considering third-party outfits target the most profitable parts of these companies, investors should realize that maintenance revenue might not generate the annuity-like cash flows of the past, Goldmacher warns. Oracle's stock has risen 20%, to 21, this year, while SAP is up about 35%, to 49. Although both are well below their 2000 highs, investors are betting these and other technology companies will benefit as the economy recovers.

Greater competition in the maintenance business, and the long-term threat to earnings, admittedly undercut the thesis of Barron's bullish cover story on Oracle last year ("Oracle's Larry Ellison's Payoff," May 19, 2008). We argued then that investors should worry less about sluggish growth in new software licenses because of the reliability of maintenance revenue, especially in a difficult economic climate. An Oracle spokesperson declined to comment.

Goldmacher is convinced Rimini and other third-party vendors are a long-term threat to Oracle and SAP. Rimini provides maintenance and support for Siebel, PeopleSoft and JD Edwards business software, all of which were acquired by Oracle in recent years. (Ravin once headed PeopleSoft maintenance support.) Rimini also provides the same for SAP enterprise-software products. Oracle is the more diversified company. It remains a database leader and has entered the server and storage business through its Sun Microsystems acquisition.

Las Vegas-based Rimini more than quadrupled sales in the first half of 2009, and now employs 140 people, with plans to hire another 60 by year end, Ravin says. Recent customers include Dick's Sporting Goods (DKS), Ross Stores (ROST) and Petco Animal Supplies; none returned Barron's calls. The four-year-old company recently sold a minority stake for an undisclosed sum to Adams Street Partners, a Chicago venture-capital firm, in order to fund expansion in Europe.

SAP isn't concerned about third-party competition. "The value proposition of Rimini Street is best suited for customers that are running software that can't be upgraded, which is not the case with SAP customers," says SAP Executive Vice-President Janet Wood.

But at least one of SAP's largest customers, Germany's Siemens (SI), might not agree. According to published reports, Siemens is considering using third-party maintenance, which would be a blow to SAP. Wood wouldn't respond directly to those reports, saying: "We have a great relationship with Siemens."

Oracle seems to be playing hardball. It is trying to get Ravin to divulge business secrets about Rimini by asking him for additional testimony in an Oracle case against SAP that involves a now-closed SAP unit Ravin founded and ran. He previously made public comments comparing Rimini to this unit, TomorrowNow. "If Rimini has done nothing wrong, it should have nothing to hide," Oracle said in court filings.

Ravin wouldn't comment on the lawsuit, but isn't surprised by the legal tactics. "We are breaking open a monopolistic channel," he says. "They are not going to go quietly into the night without fighting for their revenue."

Nor should they. Their lifeblood is at stake.

NOTES:
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